

## ANNUAL RESULTS 2015

- Growth in sales and profit
- High profitability maintained
- Increased productivity and volumes in both divisions
- Entering the field of pharmaceutical and luxury packaging
- Dividend increase

The Mayr-Melnhof Group was able to maintain its position in 2015 very successfully despite a lack of general economic impulses and concluded the financial year with solid growth of both sales and profit. Both divisions, MM Karton and MM Packaging, made a significant contribution to this with high capacity utilization at the plants as well as improved productivity and cost efficiency. Market shares were maintained or selectively expanded in a persistingly highly competitive market environment. Besides organic growth, the first step towards the market for pharmaceutical and luxury packaging was made with the acquisition of a leading French folding carton group.

As a result of the positive profit development, a recommendation will be made to the 22<sup>nd</sup> Ordinary Shareholders' Meeting on April 28, 2016, to distribute a dividend of EUR 1.20 per share. Together with the interim dividend for 2015 of EUR 1.60 per share, which has already been paid out, this represents an increase in the total dividend from EUR 2.60 in 2014 to EUR 2.80 per share.

consolidated, in millions of EUR, IFRS	2015	2014	+/-
<b>Sales</b>	<b>2,181.5</b>	2,087.4	+4.5 %
<b>Operating profit</b>	<b>199.9</b>	180.2	+10.9 %
Operating margin (in %)	9.2 %	8.6 %	
<b>Profit before tax</b>	<b>190.6</b>	171.0	+11.5 %
Income tax expense	(48.5)	(39.4)	
<b>Profit for the year</b>	<b>142.1</b>	131.6	+8.0 %
Net profit margin (in %)	6.5 %	6.3 %	
Cash earnings	<b>238.4</b>	221.3	+7.7 %
Cash earnings margin (in %)	10.9 %	10.6 %	
Earnings per share (in EUR)	<b>7.08</b>	6.54	
Employees	<b>9,938</b>	9,399	
Capital expenditures	<b>128.0</b>	139.8	
Depreciation <sup>1)</sup>	<b>99.6</b>	93.9	

<sup>1)</sup> including impairment of property, plant and equipment, and intangible assets

The Group's consolidated sales totaled EUR 2,181.5 million and were thus 4.5 % or EUR 94.1 million above the previous year's amount (2014: EUR 2,087.4 million). This rise primarily results from increased volumes in both divisions. Around one-fifth of the growth is accounted for by the latest acquisition of MM Packaging in France.

At EUR 199.9 million, operating profit was 10.9 % or EUR 19.7 million above the previous year (2014: EUR 180.2 million). Both divisions made substantial contributions to this growth. Thus, the Group's operating margin increased from 8.6 % to 9.2 %. The return on capital employed amounted to 16.1 % (2014: 15.5 %).

With continuing low base interest rates, financial income of EUR 2.2 million (2014: EUR 1.5 million), was offset by financial expenses of EUR -6.3 million (2014: EUR -5.2 million).

Profit before tax thus went up by 11.5 % to EUR 190.6 million after EUR 171.0 million in the previous year. Income taxes totaled EUR 48.5 million (2014: EUR 39.4 million), resulting in an effective Group tax rate of 25.4 %, which was above the level of the previous year (2014: 23.0 %).

Profit for the year thus rose by 8.0 % to EUR 142.1 million (2014: EUR 131.6 million). Consequently, the net profit margin increased from 6.3 % to 6.5 %.

## **CONSOLIDATED BALANCE SHEET**

As of December 31, 2015, the Group's total assets amounted to EUR 1,900.3 million and were thus EUR 113.3 million above the figure at the end of the previous year. The Group's total equity increased slightly from EUR 1,102.2 million to EUR 1,144.2 million, with the profit for the year being offset by the dividend for the financial year 2014 as well as the interim dividend for 2015. Total equity to total assets was therefore 60.2 % (December 31, 2014: 61.7 %), the return on equity at 12.7 % (December 31, 2014: 11.9 %).

Financial liabilities, principally of a long-term character, climbed from EUR 265.9 million to EUR 293.3 million as a result of raising low-interest loans. Provisions for non-current liabilities and charges relating to accruals for employee benefits decreased slightly to EUR 118.1 million (December 31, 2014: EUR 121.2 million).

Total funds available to the Group declined to EUR 258.3 million, mainly due to dividend payments (December 31, 2014: EUR 324.2 million). Accordingly, net liquidity of the previous year totaling EUR 58.3 million contrasts with the net debt of EUR 35.0 million at the end of 2015.

## **OUTLOOK ON THE FINANCIAL YEAR 2016**

Against the backdrop of low economic growth in the main market Europe, the general conditions for our business remain challenging and are characterized by intense competition. However, the objective for 2016 is to pursue our long-term success course in both cartonboard and folding carton business. As before, organic and acquisitive growth are intended to supplement each other. Improved productivity will continue to increase the output of our facilities, and the integration of last year's acquisition in France will support dynamic in 2016. Measures aimed at increasing cost efficiency will be pursued on a broad basis throughout the Group in order to retain the margins achieved. Since there is currently no indication of any significant change on the procurement markets in the foreseeable future, price discipline will remain the order of the day in both divisions.

By focusing on reducing direct costs, we will continue our investment activity at the present level. Expansions at MM Packaging in 2016 will particularly affect the sites in Iran, Poland, and Vietnam.

The replacement of the power station at the Frohnleiten mill in Austria by a new gas and steam-turbine plant will be initiated as a special investment project at MM Karton in 2016. The completion is expected by the end of 2017, however without affecting continuous operations at the site. The costs will amount to approx. EUR 40 million.

As a result of the short-term nature of the business, it is currently not possible to provide a forecast for the result of the current year. Nevertheless, the record results achieved in 2015 raises our ambitions for 2016 even further.

Our activities concerning expansion through acquisitions continue to focus on opportunities within and outside of Europe.

## **DEVELOPMENT IN THE 4<sup>TH</sup> QUARTER 2015**

As expected, the fourth quarter was characterized by continuity in the packaging division as well as restrained incoming orders in the cartonboard division.

At 96 %, capacity utilization at MM Karton was above the level of the previous year (4<sup>th</sup> quarter 2014: 92 %) which was particularly marked by the conversion for the **FOODBOARD<sup>TM</sup>** investment at the Frohnleiten mill. The operating margin of the division amounted to 6.2 % (4<sup>th</sup> quarter 2014: 6.7 %).

MM Packaging achieved an operating margin of 8.8 % after 9.1 % in the fourth quarter of the previous year.

Due to higher business volumes of both divisions, consolidated sales of EUR 563.8 million exceeded the figure for the corresponding period of the previous year (4<sup>th</sup> quarter 2014: EUR 516.4 million). Operating profit amounted to EUR 45.3 million (4<sup>th</sup> quarter 2014: EUR 43.7 million), whereby an operating margin of 8.0 % was reached (4<sup>th</sup> quarter 2014: 8.5 %).

Profit before tax amounted to EUR 43.8 million after EUR 39.5 million in the fourth quarter of 2014. Profit for the period totaled to EUR 33.9 million (4<sup>th</sup> quarter 2014: EUR 34.1 million).

## DEVELOPMENT IN THE DIVISIONS

### MM Karton

in millions of EUR, IFRS	2015	2014	+/-
<b>Sales<sup>1)</sup></b>	<b>1,046.7</b>	1,002.8	+4.4 %
<b>Operating profit</b>	<b>82.6</b>	74.7	+10.6 %
<b>Operating margin (in %)</b>	<b>7.9 %</b>	7.4 %	
Tonnage sold (in thousands of tons)	<b>1,660</b>	1,586	+4.7 %
Tonnage produced (in thousands of tons)	<b>1,677</b>	1,585	+5.8 %

<sup>1)</sup> including interdivisional sales

The year 2015 was still characterized by seasonal fluctuations in the ordering behavior and cautious call-offs by customers in all markets. There was no noticeable improvement in demand. The average order backlog, at 80,000 tons, was above the previous year (2014: 61,000 tons). Through flexibility in dealing with short planning intervals, an optimized product range and a high level of service, it was possible to strengthen and selectively increase market shares.

With 1,677,000 tons, the cartonboard mills were able to exceed the production volume of the previous year (2014: 1,585,000 tons) by 92,000 tons or 5.8 %. The Frohnleiten mill resumed production after the almost one-month downtime due to the conversion of the cartonboard machine 3 in November 2014 for the FOODBOARD™ investment without any further corrective action. At 98 % (2014: 97 %), capacities at the MM Karton division were nearly fully utilized. High price discipline in a rather volatile market environment allowed us to maintain prices as compared with the previous year.

On the raw material markets, a significant increase in prices for recovered paper and fibers by the middle of the year was contrasted especially by lower costs for energy.

At 1,660,000 tons (2014: 1,586,000 tons), the highest sales volume ever was achieved in 2015, and thus, 4.7 % higher than in the previous year.

Sales increased by 4.4 % from EUR 1,002.8 million to EUR 1,046.7 million in parallel with volumes. As in the previous year, around 63 % of this was accounted for by markets in Western Europe, 20 % by Eastern Europe, and 17 % by business outside of Europe (2014: 63 %; 20 %; 17 %).

It was possible to increase the operating profit by 10.6 % or EUR 7.9 million to EUR 82.6 million (2014: EUR 74.7 million), primarily as a result of higher productivity and further cost reductions. The operating margin reached 7.9 % following 7.4 % in 2014.

### Market launch FOODBOARD™

FOODBOARD™, a new, high-quality coated cartonboard with a unique functional barrier for safe primary food packaging, is available on the market from the 1<sup>st</sup> quarter of 2016.

## MM Packaging

in millions of EUR, IFRS	2015	2014	+/-
<b>Sales<sup>1)</sup></b>	<b>1,237.3</b>	1,187.7	+4.2 %
<b>Operating profit</b>	<b>117.3</b>	105.5	+11.2 %
<b>Operating margin (in %)</b>	<b>9.5 %</b>	8.9 %	
Tonnage processed (in thousands of tons)	<b>729</b>	702	+3.8 %
Sheet equivalent (in millions)	<b>2,059.3</b>	1,996.6	+3.1 %

<sup>1)</sup> including interdivisional sales

Sales of consumer goods in Europe were overall solid over the year. However, notable market impulses for the folding carton business failed to materialize in Europe as well as in markets outside of Europe. Price competition remains fierce, owing to sufficient existing production capacities in the market.

MM Packaging therefore focuses on cost and technology leadership based on highly efficient industrial production and continuous investment in state-of-the-art technology. Combined with a broad geographical network of sites and a wide range of technological specializations, MM Packaging was able to maintain its leading position in markets like FMCG (fast moving consumer goods), cigarette packaging and detergents also in 2015.

In the financial year 2015, a high number of measures was again aimed at continuously improving competitiveness and profitability of MM Packaging through increased efficiency and productivity as well as enabling further growth.

In Austria, MM Packaging Austria with its two sites, in Vienna and Gunskirchen, Upper Austria, has concentrated its folding carton production on the larger facility in Vienna, securing its future as a high-performance site.

The acquisition of a leading French folding carton producer represents the first step towards entering the market for pharmaceutical and luxury packaging.

Compared to the previous year, tonnage processed increased by 3.8 % from 702,000 tons to 729,000 tons. Similarly, the number of printed sheets (sheet equivalent) climbed 3.1 % from 1,996.6 million to 2,059.3 million.

In line with volumes, sales went up by 4.2 % to EUR 1,237.3 million (2014: EUR 1,187.7 million). With regard to geographical distribution, sales in Western and Eastern Europe at 55 % and 32 %, respectively, as well as business outside of Europe at 13 % showed a high degree of continuity (2014: 56 %; 32 %; 12 %).

At EUR 117.3 million, operating profit exceeded the value of the previous year by 11.2 % as a result of improved cost efficiency (2014: EUR 105.5 million). The operating margin accordingly increased to 9.5 % (2014: 8.9 %).

## QUARTERLY OVERVIEW

### MAYR-MELNHOF GROUP

consolidated, in millions of EUR, IFRS	4Q/2014	1Q/2015	2Q/2015	3Q/2015	4Q/2015
<b>Sales</b>	516.4	533.9	535.7	548.1	563.8
<b>EBITDA</b>	67.0	74.0	70.1	81.4	73.2
EBITDA margin (in %)	13.0 %	13.9 %	13.1 %	14.9 %	13.0 %
<b>Operating profit</b>	43.7	50.8	45.7	58.1	45.3
Operating margin (in %)	8.5 %	9.5 %	8.5 %	10.6 %	8.0 %
<b>Profit before tax</b>	39.5	47.6	43.2	56.0	43.8
Income tax expense	(5.4)	(12.1)	(11.5)	(15.0)	(9.9)
<b>Profit for the year</b>	34.1	35.5	31.7	41.0	33.9
Net profit margin (in %)	6.6 %	6.6 %	5.9 %	7.5 %	6.0 %
<b>Cash earnings</b>	53.9	59.7	55.1	65.7	57.9
Cash earnings margin (in %)	10.4 %	11.2 %	10.3 %	12.0 %	10.3 %
Earnings per share (in EUR)	1.68	1.77	1.56	2.03	1.72

### DIVISIONS

#### MM KARTON

in millions of EUR, IFRS	4Q/2014	1Q/2015	2Q/2015	3Q/2015	4Q/2015
<b>Sales<sup>1)</sup></b>	234.9	258.9	263.5	265.0	259.3
<b>Operating profit</b>	15.8	18.6	22.3	25.5	16.2
Operating margin (in %)	6.7 %	7.2 %	8.5 %	9.6 %	6.2 %
Tonnage sold (in thousands of tons)	368	421	413	418	408
Tonnage produced (in thousands of tons)	372	415	422	422	418

<sup>1)</sup> including interdivisional sales

#### MM PACKAGING

in millions of EUR, IFRS	4Q/2014	1Q/2015	2Q/2015	3Q/2015	4Q/2015
<b>Sales<sup>1)</sup></b>	305.7	300.7	297.5	309.7	329.4
<b>Operating profit</b>	27.9	32.2	23.4	32.6	29.1
Operating margin (in %)	9.1 %	10.7 %	7.9 %	10.5 %	8.8 %
Tonnage processed (in thousands of tons)	172	182	176	187	184
Sheet equivalent (in millions)	482.4	503.0	498.3	531.1	526.9

<sup>1)</sup> including interdivisional sales

The Annual Report 2015 will be available on April 7, 2016.

#### Forthcoming Results:

May 19, 2016      Results for the 1<sup>st</sup> quarter of 2016

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